

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Robert G. Taub

St. Olaf Post Office  
St. Olaf, Iowa

Docket No. A2012-27

ORDER AFFIRMING DETERMINATION

(Issued February 10, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”<sup>1</sup> The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

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<sup>1</sup> United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On October 20, 2011, the Commission received two petitions seeking review of the Postal Service’s Final Determination to close the St. Olaf, Iowa post office (St. Olaf post office). A third petition was received on October 26, 2012.<sup>2</sup> The Final Determination to close the St. Olaf post office is affirmed.<sup>3</sup>

## II. PROCEDURAL HISTORY

On October 27, 2011, the Commission established Docket No. A2012-27 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.<sup>4</sup>

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<sup>2</sup> Petition for Review received from Dan Stewart regarding the St. Olaf, Iowa post office 52072, October 20, 2011; Petition for Review received from Adam Meyer, Mayor and City Council of St. Olaf regarding the St. Olaf, Iowa, post office 52072, October 20, 2011; Petition for Review received from Sherri Koons regarding the St. Olaf, Iowa, post office 52072, October 26, 2011. The Commission also received letters from Concerned Citizens of St. Olaf, Iowa, October 31, 2011. The Petitions and Letters consist of identical form letters, with original signatures. For convenience, they are collectively referred to as “Petition.”

<sup>3</sup> The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

<sup>4</sup> Order No. 932, Notice and Order Accepting Appeal and Establishing Procedural Schedule, October 27, 2011.

On November 4, 2011, the Postal Service filed the Administrative Record with the Commission.<sup>5</sup> The Postal Service also filed comments requesting that the Commission affirm its Final Determination.<sup>6</sup>

Petitioners did not file a participant statement supporting their Petition or a reply brief. On December 23, 2011, the Public Representative filed a reply brief.<sup>7</sup>

### III. BACKGROUND

The St. Olaf post office provides retail postal services and service to 57 post office box or general delivery customers. Final Determination at 2. No delivery customers are served through this post office. The St. Olaf post office, an EAS-55 level facility, provides retail service from 7:45 a.m. to 12:00 p.m. and 12:30 p.m. to 3:45 p.m., Monday through Friday, and 12:30 p.m. to 1:45 p.m. on Saturday. Lobby access hours are 6:30 a.m. to 6:30 p.m., Monday through Saturday. *Id.*

The postmaster position became vacant on July 23, 2005 when the St. Olaf postmaster was reassigned. A non-career officer-in-charge (OIC) was installed to operate the post office. Retail transactions average 15 transactions daily (17 minutes of retail workload). Post office receipts for the last 3 years were \$18,571 in FY 2008; \$17,892 in FY 2009; and \$13,650 in FY 2010. There was one permit or postage meter customer. *Id.* By closing this post office, the Postal Service anticipates savings of \$31,936 annually. *Id.* at 10.

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<sup>5</sup> The Administrative Record is attached to the United States Postal Service Notice of Filing, November 4, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the St. Olaf, Iowa Post Office and Establish Service by Rural Route Service (Final Determination).

<sup>6</sup> Comments of United States Postal Service, December 16, 2011 (Postal Service Comments). The Postal Service also filed a Motion of the United States Postal Service for Late Acceptance of Comments Regarding Appeal, December 16, 2011. The Motion is granted. See also Errata to Comments of United States Postal Service, December 21, 2011.

<sup>7</sup> Reply Brief of the Public Representative, December 23, 2011 (PR Reply Brief).

After the closure, retail services will be provided by the Elkader post office located approximately 9 miles away.<sup>8</sup> *Id.* at 2. Delivery service will be provided by rural route service through the Elkader post office. The Elkader post office is an EAS-16 level post office, with retail hours of 9:00 a.m. to 12:30 p.m. and 2:30 p.m. to 4:00 p.m., Monday through Friday, and 9:30 a.m. to 11:00 a.m. on Saturday. There are 221 post office boxes available. *Id.*

Retail service is also available at the Farmersburg post office, an EAS-11 level post office, located approximately 2 miles away.<sup>9</sup> Retail hours at the Farmersburg post office are 7:30 a.m. to 12:00 p.m. and 12:45 p.m. to 3:45 p.m., Monday through Friday, and 12:30 p.m. to 1:45 p.m. on Saturday. There are 30 post office boxes available for rent. *Id.*

#### IV. PARTICIPANT PLEADINGS

*Petitioners.* Petitioners oppose the closure of the St. Olaf post office. Petitioners argue that the Postal Service should continue to provide postal service in areas where the local post offices are not self-sustaining. Petition at 1. Petitioners are concerned about the security of mail. They also foresee inconvenience in purchasing money orders and stamps, and in sending and receiving accountable mail. Finally, Petitioners argue that rural citizens are entitled to the “same efficient postal service” provided to their counterparts in urban areas. *Id.*

*Postal Service.* The Postal Service argues that the Commission should affirm its determination to close the St. Olaf post office. Postal Service Comments at 6. The Postal Service believes the appeal raises four main issues: (1) the Final Determination was issued despite customer protestations; (2) customers protested the closure in light of 39 U.S.C. § 101(b); (3) customers are concerned about the sanctity of mail and the

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<sup>8</sup> MapQuest estimates the driving distance between the St. Olaf and Elkader post offices to be approximately 9 miles (14 minutes driving time).

<sup>9</sup> MapQuest estimates the driving distance between the St. Olaf and Farmersburg post offices to be approximately 2.5 miles (5 minutes driving time).

access to various postal services; and (4) customers assert an entitlement to the same efficient postal service provided to customers in urban areas. *Id.* at 4. The Postal Service asserts that despite these concerns, the Commission should affirm its determination to close the St. Olaf post office. *Id.* at 4.

The Postal Service explains that its decision to close the St. Olaf post office was based on several factors, including:

- the postmaster vacancy;
- decline in retail traffic;
- low workload;
- availability of service through rural carriers and nearby post offices;
- limited impact on the community or its identity;
- lack of impact on career employees; and
- expected financial savings.

*Id.* at 3. The Postal Service contends that it will continue to provide regular and effective postal services to the St. Olaf community when the Final Determination is implemented. *Id.* at 4.

*Public Representative.* The Public Representative states that the Postal Service's Final Determination to close the St. Olaf post office appears to be procedurally in order. PR Reply Brief at 2. The Public Representative notes that the projected financial savings are problematic, since they are based on the postmaster salary and not the actual salary of the OIC. *Id.* at 1-2. He adds that the economic benefit further assumes that the OIC will be terminated and not reassigned. *Id.* at 2. However, the Public Representative concludes that no persuasive argument has been presented which would prevent the Commission from affirming the closure of the St. Olaf post office. *Id.*

## V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

### A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The Administrative Record indicates the Postal Service took the following steps in providing notice of its intent to close. On March 9, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the St. Olaf post office. Final Determination at 2. A total of 180 questionnaires were distributed to delivery customers. Other questionnaires were made available at the retail counter. A total of 79 questionnaires were returned. On March 28, 2011, the

Postal Service held a community meeting at the St. Olaf Civic Center to address customer concerns. Seventy-seven (77) customers attended. *Id.*

The Postal Service posted the proposal to close the St. Olaf post office with an invitation for comments at the St. Olaf, Farmersburg, and Elkader post offices from June 17, 2011 to August 18, 2011. Final Determination at 2. The Final Determination was posted at the Farmersburg post office on October 3, 2011. Administrative Record, Item No. 49.

It is unclear whether the Final Determination was posted at the St. Olaf and Elkader post offices consistent with Postal Service regulations. However, timely petitions for review were filed, and the appeal has been adjudicated before the Commission based on the Administrative Record developed below. As the Commission previously stated, under these circumstances, failing to post the Final Determination at all affected post offices may be fairly characterized as harmless error.<sup>10</sup> The Commission reiterates that the Postal Service should take care to ensure that both the proposal and Final Determination are posted at all affected post offices consistent with Postal Service regulations pertaining to discontinuance review. *Id.*

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

#### B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

The Postal Service must also comply with the provisions of 39 U.S.C. § 101(b), which prohibits closing any small post office solely for operating at a deficit.

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<sup>10</sup> See Docket No. A2012-2, Order No. 1167, Order Affirming Determination, January 24, 2012, at 7; Docket No. A2011-97, Order No. 1136, Order Affirming Determination, January 17, 2012, at 7.

*Effect on the community.* St. Olaf, Iowa is an incorporated community located in Clayton County, Iowa. Administrative Record, Item No. 16. The community is administered politically by the Mayor and Council. Police protection is provided by the Clayton County Sheriff. Fire protection is provided by the St. Olaf Fire Department. The community is comprised of retirees, commuters who work in nearby communities, self-employed individuals, and those who may work in local businesses. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the St. Olaf community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the St. Olaf post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 9-10.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

*Effect on employees.* The Postal Service states that the St. Olaf postmaster was reassigned on July 23, 2005 and that an OIC has operated the St. Olaf post office since then. Final Determination at 10. The Postal Service asserts that after the Final Determination is implemented, the temporary OIC may be separated and that no other Postal Service employee will be adversely affected. *Id.*

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the St. Olaf post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

*Effective and regular service.* The Postal Service contends that it has considered the effect the closing will have on postal services provided to St. Olaf customers. Postal Service Comments at 6. It asserts that customers of the closed St. Olaf post office may



obtain retail services at the Elkader post office located 9 miles away or the Farmersburg post office located 2 miles away. Final Determination at 2. Delivery service will be provided by rural route service through the Elkader post office. The St. Olaf post office box customers may obtain Post Office Box service at the Elkader post office, which has 221 post office boxes available for rent, or the Farmersburg post office, which has 30 post office boxes available. *Id.*

For customers choosing not to travel to the Elkader post office, the Postal Service explains that retail services will be available from the carrier. *Id.* at 6, Concern No. 24. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

Petitioners were concerned about the sanctity of mail and the convenience of access to postal services. Petition at 1. The Postal Service responds that customers' concerns were addressed throughout the Administrative Record, the proposal to close, and the Final Determination. Postal Service Comments at 5. It asserts that it is not implementing access to service measures that pose any particular threat to convenience or mail security beyond what customers experience at other locations. *Id.*

Petitioners also asserted that they had an entitlement to the "same efficient postal service" provided to customers in urban areas. Petition at 1. The Postal Service concedes that access is not identical for rural and urban customers, but access to postal services is maintained for all communities and for St. Olaf customers. Postal Service Comments at 5-6.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

*Economic savings.* The Postal Service estimates total annual savings of \$31,936. Final Determination at 10. It derives this figure by summing the following costs: postmaster salary and benefits (\$34,155) and annual lease costs (\$4,200), minus the cost of replacement service (\$6,419). *Id.* The Public Representative notes that the projected financial savings are problematic, since they are based on the postmaster salary and not the actual salary of the OIC. PR Reply Brief at 1-2.

The St. Olaf post office postmaster was reassigned on July 23, 2005. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. *Id.* at 10. The postmaster position and the corresponding salary will be eliminated. The Postal Service notes that inclusion of an EAS-55 postmaster's salary in calculating estimated savings is appropriate "[s]ince the discontinuance entails loss of the permanent postmaster position,...." Postal Service Comments at 2. *See also, e.g.*, Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the St. Olaf post office has been staffed by an OIC for approximately six and a half years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

*Section 101(b).* Section 101(b) prohibits closing any small post office solely for operating at a deficit. Petitioners allege that the Postal Service is closing the St. Olaf post office solely for economic reasons. Petition at 1.

The Commission does recognize that economics may play a role in the Postal Service's decision. However, the Commission is not prepared to conclude that the Postal Service's determination violates section 101(b). In addition to considering workload at the St. Olaf post office (revenues declining and averaging only 15 retail transactions per day), the Postal Service took into account other factors such as the postmaster vacancy, the minimal impact on the community, and expected financial savings. In addition, it considered the alternate delivery and retail options available to customers. Final Determination at 11.

The Postal Service did not violate the prohibition in section 101(b) on closing the St Olaf. post office solely for operating at a deficit.

## VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the St. Olaf post office is affirmed.<sup>11</sup>

*It is ordered:*

The Postal Service's determination to close the St. Olaf, Iowa post office is affirmed.

By the Commission.

Shoshana M. Grove  
Secretary

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<sup>11</sup> See footnote 3, *supra*.

## DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the St. Olaf post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster was reassigned on July 23, 2005. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by

December 12, 2011, have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of St. Olaf, Iowa and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

## DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since July 2005, not an EAS-55 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

The Administrative Record indicates that along with the proposed Administrative post office, (approximately 9 miles away), retail services may also be obtained from another post office in the opposite direction approximately 2 miles away from the St. Olaf post office. Final Determination at 2. This alternate post office, the Farmersburg post office, is being considered for discontinuance under the Retail Access Optimization Initiative (RAOI). The Postal Service should include within its discontinuance process a mechanism to ensure that due consideration is given to the impact on the community of the receiving administrative post office immediately being reviewed for discontinuance.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Saint Olaf post office and should be remanded.

Nanci E. Langley